

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2000-386-C - ORDER NO. 2000-989

DECEMBER 7, 2000

IN RE: Application of Coyote Network Systems, Inc., ) ORDER APPROVING  
Coyote-GLD Acquisition, Inc. and Group ) AGREEMENT AND  
Long Distance, Inc. for Approval of ) PLAN OF MERGER  
Agreement and Plan of Merger. )

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the application Quentra Networks, Inc. f/k/a Coyote Network Systems, Inc. ("Coyote") and Group Long Distance ("GLD") for approval of an Agreement and Plan of Merger (the "Agreement") whereby a wholly-owned subsidiary of Quentra, Coyote-GLD Acquisition, Inc. ("Merger Sub"), will merge with and into GLD with GLD continuing as the surviving entity (the "Acquisition"). Specifically, the practical effect of the merger will be the acquisition by Quentra of all of the outstanding and issued shares of GLD's common stock for equitable consideration.

Pursuant to the Commission's Executive Director's instructions, the Applicants published a Notice of Filing in newspapers of general circulation one time. The Notice of Filing informed the public of a method of participation in the proceedings herein. No Protests or Petitions to Intervene were received. Accordingly, the Applicants have moved for expedited review of this matter, and have furnished the verified testimony of Daniel Latham, President, Quentra Networks, in support of the Application.

S.C. Code Ann. Section 58-9-310 (Supp. 1999) requires notice and “due hearing” before the Commission may approve the transfer of the assets of telephone companies from one carrier to another. When there have been no Protests or Petitions to Intervene, we have often granted Motions for Expedited Review, when they are accompanied by verified testimony. We then declare the Commission meeting where the matter was considered to be the “due hearing” required by the statute.

We grant the Motion for Expedited Review and hold that the Commission meeting of November 21, 2000, wherein the matter was considered by the Commission to be the “due hearing” required by the statute. We have examined the verified testimony of Daniel Latham, President, and find that it supports the reasoning and ultimate request found in the original Application.

The purpose of Latham’s testimony is to support the Application of Quentra Networks, Inc. and Group Long Distance for approval of a merger of a wholly-owned subsidiary of Quentra, Coyote-GLD Acquisition, Inc. with and into GLD with GLD continuing as the surviving entity. GLD is a publicly-held Florida corporation and a non-dominant carrier that is authorized to provide intrastate, interstate, and international long distance and local exchange services. GLD received its Certificate to operate as a reseller of telecommunications services within the State of South Carolina from this Commission on January 6, 1994, in Order No. 1994-22 (Docket No. 1993-478-C). Quentra is a publicly-held Delaware corporation which does not directly provide telecommunications services, but owns and operates various wholly-owned subsidiaries that provide

intrastate, interstate, and international long distance services. Quentra does not hold a certificate to provide telecommunications services in this State.

Merger Sub is a Florida corporation which was formed strictly for purposes of effectuating the Acquisition. As a result of the Acquisition, Merger Sub will merge with and into GLD and GLD will continue to provide service under GLD's present operating authorities, certifications, and tariffs. According to Latham, the effect of the merger will be the acquisition by Quentra of all of the outstanding and issued shares of GLD's common stock for equitable consideration. Additionally, after the transaction, GLD will continue to operate, in all material respects, as it currently operates and GLD will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements, and rate structures.

Regarding Merger Sub's experience and financial abilities, according to Latham, Merger Sub is a wholly-owned subsidiary of Quentra, a public company whose common stock is publicly traded on the NASDAQ National Market. Latham also addressed the affect of the Acquisition on GLD's current customers in South Carolina. The testimony reveals the merger will be seamless and transparent to the customers of GLD; therefore, the customers of GLD will in no way be adversely impacted by the Acquisition.

Accordingly, we have examined the testimony and the record of this case, and hereby approve the Agreement and Plan of Merger, for the reasons stated above. We find the merger of Coyote-GLD Acquisition, Inc. with and into GLD with GLD continuing as the surviving entity, in the public interest.

This Order shall remain in full force and effect until further Order of the  
Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)